

GOVERNMENT AND EDUCATION PROCESSING AGREEMENT  
TERMS & CONDITIONS

The following are the Terms & Conditions of the Government and Education Processing Agreement.

1. SERVICES

1.1 HPS will, during the term of this Agreement and pursuant to its terms and conditions, (a) be responsible for and will settle funds with the Merchant; (b) provide the following payment processing solutions to the Merchant: (i) Web Payment Solutions; (ii) Cashiering Payment Solutions; or (iii) IVR Payment Solutions; as may be selected by Merchant on the Merchant Application.

2. DEFINITIONS

2.1 "Account" means a commercial checking account maintained by Merchant for the crediting of collected funds and the debiting of fees and charges pursuant to the terms of this Agreement.

2.2 "ACH" means the Automated Clearing House service offered by the Federal Reserve.

2.3 "Agreement" means this Merchant Processing Agreement and the Merchant Application. It includes the application submitted and executed by the Client and HPS.

2.4 "Authorization" means the act of obtaining approval from the Card Issuer for an individual Transaction.

2.5 "Card" means a valid credit, debit or payment card accepted by Merchant under this agreement with HPS.

2.6 "Card Brand" means Visa U.S.A., Inc., Visa International, Inc., MasterCard International, Inc., Discover Financial Services or any other Card Issuer that provides Cards that are accepted by Merchant.

2.7 "Card Issuer" means the financial institution or company that has provided a Card to the Cardholder.

2.8 "Cardholder" means the person whose name is embossed upon the face of the Card.

2.9 "Card-Not-Present Transaction" means any Transaction for which required data is not electronically captured by reading information encoded in or on the Card and includes mail order, telephone order and Internet Transactions.

2.10 "Cashiering Payment Solution" means an automated solution that will allow Cardholders to pay Merchant via an HPS-provided virtual terminal or terminal. This solution requires the Cashiering Payment Solution Addendum to this Agreement.

2.11 "Chargeback" means the procedure by which (i) a sales Transaction (or disputed portion thereof) is returned to HPS by a Card Issuer because such item does not comply with the Card Issuer's acceptable rules or operating regulations or for any other reason as provided in this Agreement and (ii) the Merchant's Account is debited for such return.

2.12 “Client” – See Merchant.

2.13 “Program Fee” means a fee charged to a consumer that will cover the costs of providing the alternative payment solutions such as the Web Payment Solution, certain Cashiering Solutions, and the IVR Payment Solution.

2.14 “Credit Voucher” means a document or transaction executed by Merchant evidencing any refund or price adjustment relating to products or services to be credited to a Cardholder account.

2.15 “Debit Networks” means the authorization networks utilized by Merchant for PIN Debit Transactions.

2.16 “HPS” means collectively Heartland Payment Systems, Inc., and its sponsoring banks.

2.17 “IVR Payment Solution” means an automated solution that will allow Cardholders to pay Merchant on a HPS hosted interactive voice response (IVR) system.

2.18 “Merchant” generally means “Client” or the party identified as the recipient of this Agreement. It can be used interchangeably with Client and can cover the merchant themselves and any third party that may be associated with them (e.g., VAR’s, gateway providers, etc.).

2.19 “Products” means all goods and payment services that are sold or offered by the Merchant.

2.20 “Rules” means the operating regulations, terms and conditions of the Card Brands presently in effect and as they may be amended from time to time.

2.21 “Sales Draft” means the paper form, whether electronically or manually imprinted, evidencing a sales Transaction.

2.22 “Transaction” means any retail sale of Products or Services, or credit therefore, from a Merchant for which the customer makes payment using any Card presented to HPS for payment.

2.23 “Web Payment Solution” means an automated solution that will allow Cardholders to pay Merchant on a HPS hosted website.

### 3. DATA SECURITY REQUIREMENTS

3.1 The payment industry places a high priority on maintaining the confidentiality and integrity of account and personal information, and has implemented the PCI Data Security Standards (“PCI DSS”) to ensure a consistent standard of due care and enforcement is imposed upon those entities that store, process, or transmit cardholder information. The VISA U.S.A. Cardholder Information Security Program (CISP) is one such standard used for protecting sensitive information and HPS meets the CISP compliance regulations. More information on this can be found at [www.pcisecuritystandards.org](http://www.pcisecuritystandards.org) or [www.visa.com/cisp](http://www.visa.com/cisp).

### 4. RIGHTS, DUTIES, AND RESPONSIBILITIES OF MERCHANTS

4.1 Merchant agrees that during the term of this Agreement and for all payment processing services provided hereunder, it will not use (i) the services of any bank, corporation, or entity other than HPS for the processing of bankcard transactions; (ii) the services of any third party agent that will have access to, process, store or transmit Cardholder data and (iii) any equipment, terminals interface or any other hardware provided by any vendor other than HPS.

4.2 Merchant's policy for the adjustment of payment rendered shall be disclosed to the Cardholder before a Card sale is made. If Merchant does not make these disclosures, a full refund in the form of a credit to the Cardholder's Card account must be given. In no circumstances shall any cash refunds be given on any item originally charged to a card.

4.3 MERCHANT ACKNOWLEDGES THAT AN AUTHORIZATION DOES NOT CONSTITUTE (A) A WARRANTY THAT THE PERSON PRESENTING THE CARD IS THE RIGHTFUL CARDHOLDER, OR (B) A PROMISE OR GUARANTEE BY HPS THAT IT WILL PAY OR ARRANGE FOR PAYMENT TO MERCHANT FOR THE AUTHORIZED TRANSACTION. AN AUTHORIZATION DOES NOT PREVENT A SUBSEQUENT CHARGEBACK OF AN AUTHORIZED TRANSACTION PURSUANT TO THIS AGREEMENT.

4.4 Merchant shall at all times maintain a direct deposit account (the "Account" or "DDA"), in good standing at a bank that is a Receiving Depository Financial Institution (RDFI) of the Federal Reserve Bank ACH System or other ACH settlement network. Merchant agrees that all credits for collected funds shall be made automatically to the account. Merchant also agrees that it is responsible for all fines, fees, Chargebacks, Credit Vouchers, payments and adjustments and other amounts due under the terms of this Agreement (including but not limited to attorney's fees and early termination charges) which shall be automatically made to the Account.

4.5 Merchant shall not deposit any Transaction for the purpose of obtaining or providing a cash advance, or make a cash disbursement to any other Cardholder (including Merchant when acting as a Cardholder), or receive monies from a cardholder and subsequently prepare a credit to Cardholder's account.

4.6 Merchant shall give HPS immediate written notice of any complaint, subpoena, Civil Investigative Demand or other process issued by any state or federal governmental entity that alleges, refers or relates to any illegal or improper conduct of Merchant, its owner(s) or other entity under common ownership or control. Failure to give such a notice shall be deemed to be a material breach of this Agreement. Merchant's internal and confidential human resource matters are excluded from the written notice obligations only of this section 4.6.

4.7 HPS will not bill a Merchant for its first three chargeback fees in a calendar year. After three chargeback requests have been submitted by the Card Brand or Bank in a calendar year, HPS shall bill the Chargeback Fee applicable at that time. The Chargeback Fee shall not exceed ten dollars (\$10.00) per event.

## 5. DEBIT CARD PROCESSING

5.1 Any claims Merchant may have regarding Debit services may not be offset against Bankcard sales.

## 6. FEES

6.1 HPS may amend the Fees set forth in the Merchant Application as follows: If Program Fees are fixed, then HPS may amend such fees if (i) any Card Brand changes its fees with HPS or (ii) the average ticket size of the Program Fees increases from the average ticket size of the previous thirty (30) day period. If Program Fees are percentage-based, then HPS will only amend such Fees if any Card Brand changes its fees with HPS. The amended Fees shall be effective on the date specified in a written notice thereof, which date shall not be fewer than fifteen (15) days after the date of notice. Merchant shall attach each such revised Schedule of Fees, or written notice to the Merchant's copy of this Agreement.

6.2 Merchant shall pay all applicable sales taxes for services and products provided by HPS.

6.3 Merchant shall pay such fees and charges as may be set by HPS for any requested system enhancements or services in addition to those specified herein or in the application or as may be requested by applicable law or changes in Card Brand rules.

## 7. RIGHTS, DUTIES AND RESPONSIBILITIES OF HPS

7.1 Merchant acknowledges that HPS may provide payment transaction processing services hereunder through contracts or subcontracts with third parties engaged in the business of transaction processing and authorizations, and specifically authorizes such third parties to exercise all of the rights of HPS hereunder. Upon request in writing by Merchant, HPS will identify the third parties involved in Merchant's processing.

7.2 HPS may, through its performance of the Services, provide access to equipment and other hardware, software, including interface applications, processes and other such tangible or intangible property of HPS. HPS retains all ownership rights to such property and does not provide any license or any other use other than as specifically set forth herein.

7.3 HPS will accept all Sales Drafts deposited by Merchant that comply with the terms of this Agreement. HPS will pay to Merchant the total face amount of each Sales Draft, less any Credit Vouchers, or adjustments determined. All payments, credits, and charges are subject to audit and final review by HPS and prompt adjustments shall be made as required. Notwithstanding any other provision in this Agreement, HPS may refuse to accept any Sales Draft, revoke its prior acceptance, or delay processing of any Sales Draft for any reasonable period of time, as HPS deems necessary and appropriate. HPS shall have no liability to Merchant for additional charges, higher rates, or any other loss, expense or damage Merchant may incur directly or indirectly due to any such refusal, revocation or delay.

7.4 HPS will accept all customer service calls and other communications from Merchant, relating to the services provided under this Agreement including, but not limited to, equipment service, disbursement of funds, account charges, Merchant statements and Chargebacks. Merchant waives any claim relating to amounts charged to Merchant or amounts paid to Merchant unless presented within forty-five (45) days of statement date.

## 8. CHARGEBACKS

8.1 Merchant agrees to pay to HPS the actual amount of any Transaction processed by HPS pursuant to this Agreement whenever any Card or Debit Transaction is reversed.

8.2 Merchant agrees to pay to HPS any fees or fines imposed on HPS resulting from Chargebacks and any other fees or fines imposed with respect to or resulting from acts or omissions of Merchant.

8.3 HPS agrees to mail or electronically transmit all Chargeback documentation to Merchant promptly at Merchant's address shown in the Application. Merchant is responsible for verifying its monthly statement and its daily deposit for Chargebacks and Chargeback handling fees pursuant to this Agreement. Merchant shall notify HPS in writing within forty –five (45) days after any debit or credit is or should have been affected. If Merchant notifies HPS after such time, HPS shall not have any obligation to investigate or effect in any such adjustments. Any voluntary efforts by HPS to assist Merchant in investigating such matters after the 45 day notification has expired, shall not create an obligation to continue such investigation or any future investigation. Merchant must provide all information requested by HPS by the time specified in a request for information; failure to do so shall constitute a waiver by Merchant of its ability to dispute or reverse a Chargeback or other debit, and Merchant shall be solely responsible. If HPS elects, in its sole discretion, to take action on a Chargeback or other debit after the time specified to respond has expired, Merchant agrees to pay all costs incurred by HPS. Merchant agrees to pay HPS a processing fee for Sales Draft retrieval requests at HPS discretion.

#### 9. LIMITATION OF LIABILITY: INDEMNIFICATION: DUE CARE

9.1 Merchant shall indemnify and hold harmless HPS from all claims, liability, loss and damage, including reasonable attorney's fees and costs, whether direct or indirect, arising out of any breach by Merchant of the terms of this Agreement, or arising from any act, omission or failure, or for the breach of any representation or warranty by Merchant pursuant to the terms of this Agreement and the Card Brands' Rules operating regulations and violations of any federal or state law, rule or regulation.

9.2 Merchant shall indemnify and hold harmless HPS from and against all liability, loss and damage, including reasonable attorney's fees and costs, arising out of a claim of any third party against HPS arising (i) out of any agreement to permit Merchant to access other financial services through point-of-sale terminals provided by HPS, or arising out of such actions, omissions, or any other cause or fault of Merchant; or (ii) any claim by Merchant against a third party based on the reporting of Merchant to the Terminated Merchant File.

9.3 Except as provided in Section 9.4 hereof, HPS's sole liability to Merchant hereunder shall be to correct to the extent reasonably practical errors that have been caused by HPS, except that any claim by Merchant relating to statement accuracy or amounts owed by HPS to the Merchant is waived unless presented within forty-five (45) days of statement date.

9.4 No claims for damages for any performance or failure of performance by HPS under this Agreement shall exceed the Program Fee amount and any other fees and charges paid to HPS in connection with the Card Transaction that is the subject of the alleged failure of performance.

9.5 IN NO EVENT SHALL HPS BE LIABLE FOR SPECIAL, CONSEQUENTIAL, INDIRECT, OR EXEMPLARY DAMAGES, INCLUDING LOST PROFITS, REVENUES, AND BUSINESS OPPORTUNITIES. MERCHANT AGREES TO REIMBURSE HPS FOR ALL COSTS AND EXPENSES, INCLUDING WITHOUT LIMITATION, REASONABLE ATTORNEY'S FEES INCURRED AS A RESULT OF ANY SUCH ACTION, PROCEEDING OR LIABILITY. THE PROVISIONS OF THIS PARAGRAPH SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT. Without limitation of the foregoing, HPS shall not be liable to Merchant for delays in data transmission. Merchant acknowledges that any losses hereunder are commercial in nature.

9.6 HPS MAKES NO WARRANTY WHATSOEVER REGARDING CARD AUTHORIZATIONS, DECLINES OR REFERRAL CODES, RESPONSES TO REQUESTS FOR AUTHORIZATION, PROCESSING, SETTLEMENT, OR ANY OTHER SERVICES PROVIDED BY OR ON BEHALF OF HPS HEREUNDER, AND HPS HEREBY DISCLAIMS ANY AND ALL SUCH WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, and HPS shall have no liability to Merchant or any other person for any loss, liability or damage arising directly or indirectly in connection herewith. Without limitation of the foregoing, Merchant acknowledges that HPS has no liability or responsibility for the actions of any Card Brand, Card Issuer or Cardholder.

9.7 HPS shall have no liability to Merchant arising under or in connection with this Agreement or any action taken or omitted in connection herewith except as otherwise specifically provided herein.

9.8 HPS shall not be liable for delays in processing or other non-performance caused by such events as fires; telecommunications failures; equipment failures; strikes; riots; war; non-performance of vendors, suppliers, processors or transmitters of information; acts of God or any other causes over which HPS has no control.

#### 10. DISPLAY OF MATERIALS: TRADEMARKS

10.1 Merchant agrees to prominently display the promotional materials provided by HPS in its place(s) of business. Use of promotional materials and use of any trade name, trademark, service mark or logo type ("Marks") associated with Card(s) shall fully comply with specifications provided by HPS.

10.2 Merchant shall not use any promotional materials or Marks in any way that suggests or implies that HPS, VISA, MasterCard, Discover Network or any other Card Issuer endorses Merchant's products or services.

10.3 Merchant may use promotional materials and marks subject to the approval of HPS. HPS may use Merchant's name, logo and marks in HPS promotional materials at no cost during the Term and thereafter.

#### 11. TERM: TERMINATION

11.1 This Agreement shall become effective upon acceptance of the first Merchant deposit by HPS and shall continue in effect for a term of thirty-six (36) months therefrom. Thereafter, the Agreement will automatically renew for additional twelve (12) month periods unless terminated by any party by giving ninety (90) days' written notice prior to the end of any term, except that in case of an Event of Default by Merchant, this Agreement may be terminated by HPS immediately, and HPS shall give Merchant written notice within ten (10) days thereafter.

11.2 In the event HPS fails to provide the Services as stated herein, prior to exercising any right of termination, Merchant must (i) notify HPS of such breach; (ii) give HPS a reasonable period to cure, depending on the nature of the breach. The parties shall agree on the duration of such reasonable period in writing; and if, HPS is unable to cure within such time, Merchant may terminate the Agreement subject to the terms herein.

11.3 If any of the following events shall occur (each an "Event of Default"):

(i) Merchant shall default in any material respect in the performance or observance of any term, covenant, condition or agreement contained in this Agreement; or

(ii) A reasonable belief by HPS that Merchant will constitute a risk to HPS by failing to meet the terms of this Agreement; or

(iii) Material adverse change in the business, financial condition, business procedure or service of Merchant; or

(iv) Any information contained in the Application was or is incorrect in any material respect, is incomplete or omits any information necessary to make such information and statements not misleading to HPS; or

(v) Irregular Card sales or credits by Merchant, Card sales substantially greater than the average ticket amount stated on Merchant's Application, excessive Chargebacks or any other circumstances which in the sole discretion of HPS, may increase the risk of Merchant Chargebacks or otherwise present a financial or security risk to HPS; or

(vi) Reasonable belief by HPS that Merchant is engaged in practices that involve elements of fraud or conduct deemed to be injurious to Cardholders, including, but not limited to fraudulent, prohibited or restricted Transaction(s); or

(vii) Any voluntary or involuntary bankruptcy or insolvency proceedings involving Merchant, its parent or an affiliated entity, or any other condition that would cause HPS to deem Merchant to be financially insecure; or

(viii) Merchant or any other person owning or controlling Merchant's business is or becomes listed in any Card Brand's security reporting;

Then, upon the occurrence of any Event of Default, all amounts payable hereunder by Merchant to HPS shall be immediately due and payable in full without demand or other notice of any kind, all of which are expressly waived by Merchant.

11.4 In the event of termination, regardless of cause, Merchant agrees that all obligations and liabilities of Merchant with respect to any Sales Draft or Credit Voucher presented prior to the effective date of termination shall survive such termination and expressly authorizes HPS to withhold and discontinue the deposit to Merchant's Account for all Card and other payment transactions of Merchant in the process of being collected and deposited.

11.5 Merchant agrees upon early termination of this Agreement, regardless of reasons for such early termination, to pay HPS the amount of Merchants average Convenience Fees multiplied by the months remaining in this agreement or any renewal thereof, including but not limited to all normal and customary processing fees and revenues, less the estimated costs and expenses of HPS relating to the Agreement for the remaining of the term (the "Termination Fee"). The maximum amount of the early Termination Fee will be as set forth herein or as required by law. No early termination fee will be charged in the event that merchant terminates during the first thirty (30) days of the term.

11.6 Neither the expiration nor termination of this Agreement shall terminate the obligations nor rights of the parties pursuant to provisions of the Agreement, which by their terms are intended to survive or be perpetual or irrevocable.

11.7 If any Event of Default shall have occurred and be continuing, HPS may, in their sole discretion, exercise all of their rights and remedies under applicable law, including, without limitation, those provided in this Agreement.

11.8 The provisions governing processing and settlement of Card transactions, all related adjustments, fees and other amounts due from Merchant and the resolution of any related Chargebacks, will continue to apply after termination of this Agreement until all Card transactions made prior to such termination are settled or resolved. Upon termination of this Agreement, Merchant agrees to promptly send HPS all data relating to Card Transactions made to the date of termination.

11.9 After termination of this Agreement for any reason, Merchant shall remain liable for all Chargebacks, fees, credits and adjustments resulting from Card Transactions processed pursuant to this Agreement and all other amounts then due or that thereafter may become due to HPS under this Agreement.

## 12. TERMINATED MERCHANT FILE

12.1 If Merchant is terminated for any of the reasons specified as cause by Visa, MasterCard and Discover Network, HPS may report Merchant's business name and the names and other identification of its principals to the Terminated Merchant File. Merchant expressly agrees and consents to such reporting, and HPS shall have no liability to Merchant for any loss, expense or damage Merchant may sustain directly or indirectly due to such reporting. Merchant shall indemnify and hold harmless HPS against any loss, damage, or expense, including reasonable attorney's fees, arising from any claim against HPS by any other party that results from a claim by Merchant against such other party as a result of such reporting.

## 13. NOTICES

13.1 All notices and other communication required or permitted under this Agreement shall be deemed delivered when mailed first-class mail, postage prepaid, addressed to the Merchant at the address stated in the Application and to HPS at the address set forth below, or at such other address as the receiving party may have provided by written notice to the other:

Heartland Payment Systems  
Attn: Customer Care  
One Heartland Way  
Jeffersonville, IN 47130  
1 (888) 963-3600

With a copy to:

Heartland School Solutions  
570 Devall Dr, 2<sup>nd</sup> Floor.  
Auburn, AL 36830



#### 14. ADDITIONAL TERMS

14.1 Truth of Statements: Merchant represents to HPS that all information and all statements contained in the Application are true and complete and do not omit any information necessary to make such information and statements not misleading to HPS.

14.2 Entire Agreement: This Agreement constitutes the entire understanding of HPS and Merchant and supersedes all prior agreements, understanding, representations, and negotiations, whether oral or written between them.

14.3 Amendments: Except as otherwise provided herein, no provision of this Agreement may be waived, amended or modified expect in writing by an officer of HPS.

14.4 No Waiver of Rights: Any failure of HPS to enforce any of the terms, conditions or covenants of this Agreement shall not constitute a waiver of any rights under this Agreement.

14.5 Section Headings: All section headings contained herein are for descriptive purposes only, and the language of such section shall control.

14.6 Assignability: Merchant may not assign this Agreement directly or by operation of law, without the prior written consent of HPS. HPS may assign this Agreement without Merchant's consent. This Agreement shall be binding upon the parties hereto, their successors and permitted assigns. Any assignment by Merchant without the prior written consent of HPS shall be void.

14.7 Damages: In any judicial or arbitration proceedings arising out of or relating to this Agreement, including but not limited to these actions or proceedings related to the collection of amounts due from Merchant, the prevailing party shall recover, in addition to all damages awarded, all court costs, fees and expenses of experts and reasonable attorney's fees.

14.8 Relationship of the Parties: Nothing contained herein shall be deemed to create a partnership, joint venture or, excepts as expressly set forth herein, any agency relationship between HPS and Merchant.

14.9 Severability: If the performance by either party of any provision of this Agreement is determined to be unlawful or in violation of any state, federal or local statute, law, ordinance, regulation or rule, or of the rules of any Card Brand, said party shall seek to cure the illegality or violation within thirty (30) days following the date that such party is first informed of such violation or illegality. If such cure is not affected within such thirty (30) days period, the illegal or violating provision shall be null and void, and this Agreement shall remain in full force and effect and the parties shall use their best efforts to agree upon legal and non-violating substituted provisions that will serve the intent of the parties.

14.10 Privacy Policy: HPS takes privacy and information security very seriously and HPS assures all Merchant's that we take all reasonable steps to protect the confidential information of our Merchants. All financial and personal information about Merchants and their vendors and suppliers, is considered confidential data. This information or other personal information will be used only in connection with the services provided by HPS and third parties designated by HPS to Merchant under the terms of this Agreement and the performance of this Agreement. Notwithstanding the foregoing or anything else

contained herein, Merchant information may be provided by HPS to any third party including but not limited to, Card Brands, collection agencies, financial institutions or organizations, or merchant associations in the event of a default by Merchant in any obligation under this Agreement.

14.11 Governing Law: This Agreement shall be construed and governed by the laws of the State of New Jersey without regard to legal principles related to conflict of laws.

14.12 Jurisdiction & Venue: Any suit, action or proceeding (collectively "action") arising out of or relating to this Agreement shall be brought only in the Superior Court of the State of New Jersey or in the United States District Court for the district of New Jersey and Merchant hereby agrees and consents to the personal and exclusive jurisdiction of said courts over it as to all such actions, and Merchant further waives any claim that such action is brought in an improper or inconvenient forum. In any such action, the parties waive trial by jury.

14.13 No Third Party Beneficiary: Under no circumstance, shall any third party be considered a third party beneficiary of Merchant's rights or remedies under this Agreement or otherwise be entitled to any rights or remedies of Merchant under this Agreement.

14.14 Changes: HPS may change the terms and of or add new terms to this Agreement at any time in accordance with applicable law. Any such changes or new terms shall be effective when notice thereof is given by HPS either through written communication or on its merchant website located at [www.heartlandpaymentsystems.com](http://www.heartlandpaymentsystems.com).

October 21, 2014

Calcasieu Parish School System  
3310 Broad Street  
Lake Charles, LA 70615  
Attn: Dr Sheryl Abshire

Dr Abshire,

This letter is in response to Calcasieu Parish School System's request for a letter of compliance with Louisiana Act 837 regarding the following compliance issues:

- a) Guidelines for authorizing access to computer systems on which student information is stored including guidelines for authentication of authorized access.
- b) Privacy compliance standards.
- c) Privacy and security audits performed under the direction of the local school superintendent.
- d) Breach planning, notifications, and remediation procedures.
- e) Information storage, retention, and disposition procedures.
- f) Disposal of all information from the servers of the contractor upon termination of the contract, unless otherwise directed by an applicable legal requirement or otherwise specified in the contract and subject to the privacy protection provisions. Upon termination of the contract, all information removed from the contractor's servers shall be returned to the local public school board.

Heartland employs a multi-pronged approach to providing security for MySchoolBucks®. This approach provides the highest level of security possible and is designed to reduce the District's exposure to security issues, compliance and other security risks. As one of the largest and most respected payment providers in the world, we work daily to ensure that we maintain our reputation of security and responsibility. We know the importance of providing secure solutions to our clients. All of the information collected, transmitted and stored in our systems is maintained in a secure manner.

Our approach to security begins with our people and ensuring that they operate with a security mindset. As such, our teams are trained regularly on security techniques as well as provided guidance that is applicable to their function. For example, support staff is given guidance on how to provide support in a manner that does not require the customer to provide sensitive information on a call that they did not initiate. Our developers are trained on secure programming techniques and constantly updated on emerging trends and areas of focus for security. In addition to training all team members, we also have a specialized team that is set aside to focus 100% of their time on security and ensuring that we operate in a secure manner.

Beyond our staff, Heartland focuses heavily on the security of our infrastructure – data centers, servers, communications, etc. All of our applications, including MySchoolBucks®, are deployed in secure data



centers that are evaluated by third parties and Heartland on a regular basis. We ensure that each of our data centers is highly secure and able to operate in a reliable manner. Within the data center there are numerous systems, such as firewalls, intrusion detection systems, etc. that provide a defense for our systems and data.

## System Security & Monitoring

Heartland's Security and Systems team consists of a team of employees that manage and monitor our systems securely 24 hours a day, 365 days a year. This team is operated under the direction of Heartland's Chief Security Officer, John South, who is a widely recognized expert in data security and serves as a member on several security related boards, including the Visa Security Council. The entire MySchoolBucks® application, architecture and infrastructure have been closely evaluated by and operate under the watchful eyes of this team.

The MySchoolBucks® system is secured behind multiple firewall and intrusion detection layers. The first layer is composed of redundant firewalls that provide Internet protection. The second layer of firewall protection is provided by redundant firewalls that segment the internal Heartland network from the production servers that contain customer information. Two different firewall brands are used because using a single manufacturer could lead to exposure to zero-day firewall exploits.

In addition to building a secure defensive network, Heartland has taken a step to ensure that information within our networks is secured both "at-rest" and "in-motion". Simply stated, this means that confidential and payment information is encrypted when stored in our databases, while being used by an application, during transmission, or during the payment process.

Availability was a key driver behind the development of Heartland's MySchoolBucks® infrastructure. Redundant Internet connectivity, firewall hardware, server clusters in functional areas and network switches ensure no single point of infrastructure failure. Multi-processor server hardware with redundant disk drives and redundant power supplies are also used to maintain desired uptime rates. In addition, Heartland operates two (2) data centers in support of MySchoolBucks®. Our primary data center facility and failover ("DR") location to provide sustainability during a disaster or maintenance event. Both data centers reside in the continental United States. Because all critical hardware subsystems are configured with redundant hardware, Heartland can usually perform rolling upgrades when system patches, security upgrades or functionality enhancements are performed, meaning most routine system maintenance tasks can be performed with zero downtime. Zero downtime upgrades are a major component of Heartland's scalability strategy. Each of the data centers is managed by physical access controls and security measures to restrict access to a very small group of employees and auditors. All of the payment processing will be securely hosted in Heartland's network of high-reliable, fully redundant data centers. Furthermore, Heartland maintains the security for the solution through our PCIDSS Level 1 Certified system. This means that the District has no additional equipment to purchase or maintain, but enjoys the benefits of our always-available infrastructure with the benefit of a reliable partner to fully manage the security of the system.

MySchoolBucks® meets the highest levels of security and has been certified by multiple independent auditors on a regular basis. Heartland's internal network is segmented such that all information assets reside behind internal firewalls that are monitored by network intrusion detection appliances. Externally, border firewalls protect the network perimeter and network intrusion detection appliances monitor all inbound traffic.



## PCI Compliance

Within the payments industry each company that handles and processes payments must meet a certain level of PCI compliance. Heartland's MySchoolBucks® is fully compliant with all PCI-DSS standards and has attained **PCI Level 1 Certification**.

This is the highest level of data security compliance and certification available. You may independently verify our claim of compliance through Visa's Global Registry of PCI Compliant Service Providers. You will find Heartland listed on the current copies of the Visa report. A copy of the information may be downloaded from the Visa website at <http://www.visa.com/splisting/searchGrsp.do> (Search for "Heartland").

## Digital Certificates

Additionally, MySchoolBucks® uses 256-bit secure digital SSL certificates provided by a trusted provider. This mechanism is just one element of the security system used by Heartland. Part of the reason for using a digital certificate is to prevent a hacker from reviewing the information shared between a website and a user.

## Application Security

Beyond the physical and network security, MySchoolBucks® has a great deal of security built into the application itself. In addition, to leveraging other security systems, MySchoolBucks® employs a role-based security mechanism that limits a user's access to only the functions that are appropriate for their role. For example, a "parent" role is assigned to each end user that creates an account and associates one or more students (or adults). A "parent" may access certain information about the students on their account, change their own personal settings, and make payments. An "administrator", for example, refers to an individual with rights to modify and manage information within their school district, such as adding items to the district's MySchoolBucks® Store or viewing reports. These roles and their access rights are controlled by Heartland according to our documented security procedures.

Since MySchoolBucks® is dealing with student information, it is important to specifically discuss the security in place at the application level related to student information; our strict adherence to FERPA guidelines is as follows. First, in order to access any information in MySchoolBucks® a user must have a valid, registered account with MySchoolBucks®. We capture registrant's name, address, contact information and other details. In order to add a student to one's account, the parent must provide the following information:

- School district
- School attended by student (if multiple schools, select the primary)
- First and last names (partial match)
- Student ID (as designated by the district. This may be the student's actual student ID, lunch PIN, or other defined identification number.)
- As an option, the district may designate that the student's date of birth as an acceptable alternative to the Student ID.



Once a user has provided the required student information, that information is validated before the user is allowed to view any details of the student's account. This validation typically occurs in real-time. Once validated, a parent may only view limited information about student and cannot update the student's information beyond making payments.

Ultimately, the validity of the information resides in the school districts point-of-sale (POS) or Student Information Systems (SIS). Only limited information is allowed accessed through the interface between the POS/SIS and MySchoolBucks® the only update that can occur is through a payment being processed. The communications between these two sites is secured using 256-bit Secure Sockets Layer (SSL) encryption.

## Response to a Breach

While Heartland works very diligently to ensure that our systems and data are protected at all times, we realize that one must plan for the unplanned. Heartland has a very well documented response plan in the event that our systems are compromised. While many of the details of this plan are highly confidential, we are willing to discuss these details in general with District staff if desired. For the purposes of this response, please be assured that Heartland will address any situation swiftly and appropriately.

All data security measures, including the management of a compromise event, are led by our Chief Security Officer (CSO), John South. Supporting the CSO, Heartland has a team of over 20 dedicated professionals and security experts that monitor our systems and respond to any event or concern. John was recently elected to the Board of Directors of the Financial Services Information Sharing and Analysis Center (FS-ISAC), the only industry forum for collaboration on critical security threats facing the financial services sector. In addition, he was also named Information Security Executive of the Year in the ISE® Central Awards and one of Computerworld's Premier 100 IT Leaders for 2012.

The operation of our online payment solutions is of critical importance to Heartland, and we have devoted a great deal of resources to ensure that availability of the MySchoolBucks® solutions. Availability was a key driver behind the development of Heartland's MySchoolBucks® infrastructure.

As a first step, we built MySchoolBucks® to be a resilient solution using highly available hardware and networking facilities. Within each data center, redundant Internet connectivity, firewall hardware, server clusters in functional areas and network switches ensure no single point of infrastructure failure. Multi-processor server hardware with redundant disk drives and redundant power supplies are also used to maintain desired uptime rates.

In addition, Heartland operates two data centers in support of MySchoolBucks®. Our primary data center facility and failover ("DR") location both reside in the continental United States. Because all critical hardware subsystems are configured with redundant hardware, Heartland can usually perform rolling upgrades when system patches, security upgrades or functionality enhancements are performed, meaning most routine system maintenance tasks can be performed with zero downtime. Zero downtime upgrades are a major component of Heartland's scalability strategy. Each of the data centers is managed by physical access controls and security measures to restrict access to a very small group of employees and auditors. In the event of a planned outage (for maintenance) or an unplanned event, traffic will automatically be routed from Heartland's primary data center to the failover center. The failover center

is currently configured to respond after the primary site experiences an issue lasting more than five (5) minutes. Since the failover center is an exact mirror of the primary site, operation is able to continue within 5 minutes of any unplanned event. (Planned events experience no downtime as the traffic is proactively migrated.)

Heartland performs server maintenance on a planned schedule with maintenance occurring each week. While not all maintenance requires downtime, we generally test failover operations on a quarterly basis.

### **Information Storage, Retention and Disposition Procedures**

Heartland has a well-documented policy regarding information storage and retention of information according to the type of information and in accordance with internal guidelines, generally accepted standards and by law where applicable.

### **Disposal of Information**

Upon termination of the contract, at the request of the district and unless otherwise directed by an applicable legal requirement or otherwise specified in the contract and subject to the privacy protection provisions, Heartland will archive and delete all personally identifiable information such as Student Demographic information, Student Meal History from MySchoolBucks. If further requested, Heartland will securely share a simple text data export of this information with the school district. Additionally, Heartland will deliver PDF versions of reconciliation reports for the current school year, in case the need arises in future.



## **My School Bucks (used by MCS Software)**

### Data Elements

Full Name  
School Enrollment  
Lunch Balance